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NORTH KOREA'S THREE-YEAR ECONOMIC PLAN FOR 1954-1956

[Comment: The following report is a compilation of articles on the North Korean economic plan for 1954-1956 reported by Chinese Communist papers published in Peiping and Hong Kong.]

The bases of comparison for the planned increase in output, etc., are the levels attained in 1949 and 1953, the former being the pre-war year when a high level was reached, while the latter is the post-war year in which the level of output, etc., was lowest. Unless otherwise stated, all planned increases refer to the annual level to be reached at the end of 1956.]

ASSEMBLY PASSES THREE-YEAR ECONOMIC PLAN -- Hong Kong, Ta Kung Pao, 23 Apr 54

P'yongyang, 21 April (Hsin-hua She) -- According to a Choson Chungang T'ongsin-sa report, the seventh plenary session of the Supreme People's Assembly of the Democratic People's Republic of Korea, which convened on 20 April in P'yongyang, passed the Three-Year People's Economic Reconstruction and Development Plan for 1954-1956. The plan was presented to the session by Pak Ch'ang-ok, Vice-Premier and, concurrently, chairman of the State Planning Commission.

KOREAN WAR DAMAGE EXCEEDS 420 BILLION YUAN -- Peiping, Jen-min Jih-pao, 24 Apr 54

In presenting the proposed three-year economic plan to the seventh plenary session of the Supreme People's Assembly, Pak Ch'ang-ok mentioned that, based on incomplete statistics, the total war damage amounted to over 420 billion yuan in North Korean money [won]. He also said that over 8,700 factories, 600,000 houses (totaling 28 million square meters), 5,000 school buildings, 1,000 hospitals and clinics, 263 theaters, and several thousand cultural establishments were destroyed, and that inestimable damage was done to agriculture and transportation.

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INDUSTRIAL EXPANSION IS OBJECTIVE -- Peiping, Kung-jen Jih-pao, 27 Apr 54

P'yongyang, 26 April (Hsin-hua She) -- P'yongyang newspapers yesterday carried the announcement of the 1954-1956 three-year economic plan issued on 23 April by the Presidium of the Supreme People's Assembly of the Democratic People's Republic of Korea. According to the announcement, the rapid restoration and development of industry is the basic objective of the new three-year plan.

The plan prescribes that North Korean industrial production must exceed the 1949 volume by 50 percent and that the supply of consumer goods must double the 1949 level.

The announcement stressed the importance of establishing an economic base sufficient for future industrialization and for strengthening the national defense of North Korea. It also pointed out the need for linking the Korean economic system with the economies of the USSR, China, and other countries, and of expanding foreign trade. Under the new plan, about 79 billion yuan will be invested in the people's economic and cultural facilities.

Hong Kong, Ta Kung Pao, 25 Apr 54

The North Korean three-year economic plan for 1954-1956 places primary emphasis on industrial reconstruction and development. The plan calls for an output increase of 60 percent over 1953 and 50 percent over 1949 by state-operated and cooperative industries. During the next 3 years the government will invest 37.36 billion yuan in mining, manufacturing, and other industrial facilities.

Next in importance under this plan is agriculture. In 3 years, rice production will be increased by 31 percent, grains by 41 percent, vegetables by 240 percent, cotton by 140 percent, and tobacco by 470 percent [over 1953]. It is expected that at the end of 3 years rice will exceed prewar production by 19 percent, grains by 9 percent, and vegetables by 100 percent.

Since the planned increases are based on higher yields per chongbo [one chongbo is about 2.45 acres], the government plans to increase the supply of fertilizers, selected seeds, farm machinery, and livestock, and to encourage the use of better farming methods and the formation of agricultural cooperatives.

The new economic plan also stresses the importance of improving labor organizations, raising the cultural and technical levels of workers, mechanizing industries and adopting advanced techniques in all sectors of the people's economy:

In announcing the plan, Pak Ch'ang-ok admitted that the accomplishment of the new three-year plan will be by no means easy, and that the government will need the people's full cooperation for its successful fulfillment.

1956 NATIONAL INCOME TO INCREASE BY 75 PERCENT OVER -- Peiping, Jen-min Jih-pao, 24 Apr 54

One of the objectives of the new three-year economic plan of North Korea is to increase the North Korean national income by 75 percent over 1953 (30 percent over 1949). The over-all industrial output of state-operated and cooperative factories is to increase by 60 percent over 1953 (50 percent over 1949). The production of coal, coke, pig iron, ferrous metals, rolled steel, cement, slate, lumber, and paper will be increased to equal or surpass the 1949 level. Increases planned for other industrial products, facilities, etc., are as follows:

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	<u>Times 1949 Volume</u>
Metal-cutting machines	62.5
Mining facilities	24.0
Agricultural machines	16.5
Bricks	16.0
Cotton products	5.0
Rubber shoes	3.0
Fish catch	2.0
Magnetic lead	1.0

To insure these production increases, the North Korean government plans to invest 37.36 billion yuan in industrial facilities during the next 3 years. It is believed that the production of electromagnets, caustic soda, chemical fertilizers, thread, and soap products may not reach the pre-Korean war level for some time.

The objectives in specific industries under the new three-year plan are as follows:

Electric power

Within 3 years all major hydroelectric plants and transformer facilities will be repaired. The total generating capacity will be increased to 1,350,000 kilowatts so as to equal the 1949 level. The total power generation will be increased to 3.8 billion kilowatt-hours, or 270 percent above the 1953 output (64.1 percent [above] the 1949 output).

Coal and Other Minerals

Coal output will be increased to 4 million tons, which is equal to the 1949 volume or 5.6 times the 1953 output. The 1957 output is expected to reach 6.3 million tons. Repair work will be completed in 32 coal mines, and three new mines, with a combined operating capacity of 2.5 million tons a year, will be opened.

The production of lead will be increased to 3.8 times the 1949 level; zinc, 2.7 times; and antimony, 3 times. The pre-Korean war production level will be attained for copper, gold, silver, and other minerals. Exploratory drillings will be undertaken on a large scale.

Iron and Steel

Steps will be taken to produce steel equal to the 1949 volume, and pig iron, to a level exceeding the 1949 volume by 20 percent.

Machinery

The factories that manufacture mining equipment, water pumps, agricultural implements, rubber-tire wheels, etc., will be restored rapidly. New factories will be built to manufacture metal-cutting machines, air compressors, electric motors, refrigeration and ventilation equipment, cranes, steam boilers, machine tools, and railroad equipment and parts.

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The production of chemical fertilizer will be increased to 150,000 tons.

Constuction Materials

Cement production will be increased to 1.2 times the 1949 level; brick, to 16.3 times; and slate, to six times. The annual volume of felled timber will be increased to 1.4 times and lumber production will be increased to 1.9 times the respective 1949 level.

Light Industry

The total production of consumer goods will be increased to twice the 1949 volume. Cotton yarn production will be increased to four times, cotton cloth to five times, and shoes to four times their respective 1949 volumes. Paper will be increased by 26 percent over 1949. Also, 42 food-processing and other types of consumer goods factories will be fully repaired and 11 new ones built.

Fishery

The 1956 fish catch, seaweeds, etc., will be increased to four times the 1953 volume, while the processing of marine products will be increased to six times the 1953 volume. Also, three new canneries will be built and refrigeration facilities will be installed in many plants. The lake and river fish hatchery work will be expanded.

Agriculture

Rice production will be increased by 31 percent [over 1953] (19 percent above the prewar level), while grains will be increased by 41 percent (9 percent above the prewar level). Vegetables will be increased to 3.4 times, cotton 2.4 times, and tobacco 5.7 times [their 1953 volumes].

The average per-chongbo yield of rice is expected to increase to 3.4 tons, grains to 1.1 tons, vegetables to 12.7 tons, tobacco to one ton, and cotton to 900 kilograms [per year].

At present, there are 27 state-operated farms, 800 farm cooperatives, and 12,000 cooperative members in North Korea. The number of these farms, cooperatives, and cooperative members will be increased substantially.

During 1943, the government loaned 1,287,000,000 yuan to farmers for the purchase of livestock and houses. This policy will be continued through 1956.

Transportation and Communications

The freight volume on railroads will be increased to five times and passenger volume to four times their 1949 volumes. The freight volume is expected to reach the prewar level by 1955. The ocean and river freight transport volume will be increased to 1.4 times the 1949 volume.

Direct telephone and telegraph lines will be installed between P'yongyang and provincial and county government seats. City telephone networks will be completed and new radio stations will be built.

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The living standard of wage earners has been improving steadily and will continue to be improved under the new three-year economic plan. In early 1954, the government decreed a general wage increase averaging 25 percent. The real income of workers had increased because, during 1953, there were three reductions in [official] retail prices. The retail prices of state-operated and cooperative stores dropped to from 20 to 69 percent of the 1952 level.

The supply of food and other consumer goods will be increased to 2.3 times the 1953 supply. The state-operated and consumer cooperative stores will be expanded to 194 percent of the 1953 level to insure the adequate supply and distribution of consumer goods in cities and villages. The total value of goods sold will be increased to 73.8 billion yuan as compared with 31.6 billion yuan in 1953.

The three-year economic plan includes government housing, totaling 4.7 million square meters, for workers. The government plans to invest 3.9 billion yuan to restore and develop public facilities. The total number of motion-picture houses, theaters, clubhouses, libraries, etc., will be increased to 187,200.

The government also plans to invest 78.751 billion yuan for basic construction during the next 3 years, including the rebuilding and modernization of cities.

CABINET PASSES ECONOMIC PLAN FOR 1954 -- Hong Kong, Ta Kung Pao, 24 Mar 54

P'yongyang, 23 March (Hsin-hua She) -- According to a Choson Chungang T'ongsin-sa report of 20 March, the Cabinet of the Democratic People's Republic of Korea passed, on 11 March, the "People's Economic Reconstruction and Development Plan for 1954" as a part of the three-year economic plan for 1954-1956.

The 1954 plan calls for an increase in the total industrial output to 160.4 percent of the 1953 level and for reductions in production costs below the 1953 level for all state-operated industries. The percentages of cost reductions for industries under their jurisdictions are as follows:

<u>Industries under jurisdiction of:</u>	<u>Cost Reduction(%)</u>
Ministry of Heavy Industry	4.3
Ministry of Chemical and Construction Materials Industry	2.8
Ministry of Light Industry	5.7
Electricity Bureau	16.3
Forestry Bureau	17.0
Fishery Bureau	15.3

Under the planned schedules, the Ministry of Heavy Industry must increase coal production during 1954. The Kimch'ek Ironworks must begin iron production by November 1954. The Komdok, Songch'on, Hwap'ung, and Yongun mines must double their ore-selection capacity by the end of 1954. All machine factories and shipyards must be repaired and new factories for the manufacture of farm implements must be built.

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The Ministry of Chemical and Construction Materials Industry must supply more chemical fertilizers in 1954. The production of nitrogenous fertilizers must begin by September 1954.

In view of the anticipated increase in demand for electric power, the Electricity Bureau must help minimize transmission losses of electricity and the non-industrial use of electric power.

The Forestry Bureau must increase lumber production to meet the great demand for lumber and other building materials.

Both the Ministry of Heavy Industry and the Ministry of Transportation must construct fishing vessels of various sizes to help expand the fishery industry.

The Ministry of Light Industry must speed up the following: (1) completion of construction of Sinuiju Ceramics Factory which must start production during the second quarter of 1954; (2) completion of construction of P'yongyang Cotton Weaving Factory equipped with 5,000 spindles and 500 cotton-weaving machines; and (3) restoration of the Kilchu Paper Factory so that paper production can begin by the end of 1954.

The Ministry of Agriculture must increase agricultural production. Rice production must reach at least 103 percent of the 1953 volume, while the dry-land crops must increase to 143 percent of last year's volume. The planting of industrial crops must be encouraged to meet the demand by light industries for agricultural raw materials. Production increases over 1953 for other crops are: soybeans, 109 percent; cotton, 182 percent; and tobacco, 213 percent. Oil-producing vegetables and sericultural products also must exceed 1953 levels.

The 1954 plan prescribes the Ministry of Transportation to complete the repair of all main railroad tracks, marshaling yards, bridges, locomotives and cars, before the end of 1954. The Yangdok-Ch'onsong electric-railroad line, and the P'yongyang-Najin and P'yongyang-Sinuiju lines must be restored during the year. Urban bus service must be restored to normal. New freight and passenger vessels must be built during 1954.

The 1954 plan specifies that labor productivity in industry must rise to 133.9 percent, in construction to 137.4 percent, and in transportation to 166 percent of levels achieved in 1953.

The 1954 plan also calls for an increase in the supply of daily necessities and the systematic reduction of prices. During the year, the government will build 1,855 new retail stores in cities and 595 in rural areas.

Under the 1954 plan, the government will conduct a wide-scale production emulation campaign to stimulate production increases, and will mobilize all available manpower, material, and financial resources to fulfill the plan.

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